

George Hofmann (10005)
Steven C. Strong (6340)
COHNE KINGHORN, P.C.
111 East Broadway, 11th Floor
Salt Lake City, UT 84111
(801) 363-4300
ghofmann@cohnekinghorn.com
sstrong@cohnekinghorn.com

Attorneys for III Exploration II LP

UNITED STATES BANKRUPTCY COURT
DISTRICT OF UTAH, CENTRAL DIVISION

In re: III EXPLORATION II LP, Debtor.	Bankruptcy No. 16-26471 (RKM) Chapter 11
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REPORT OF AUCTION RESULTS CONCERNING NORTH DAKOTA ASSETS

The debtor in this case, III Exploration II LP (the “Debtor”), submits the following report of the results of the auction held December 6, 2016 (the “Auction”) pursuant to the Court’s ORDER APPROVING BID PROCEDURES FOR SALE OF DEBTOR’S NORTH DAKOTA ASSETS [Docket No. 171] (the “Bid Procedures Order”) as modified (see DEBTOR’S NOTICE OF EXTENDED BID DEADLINE AND AUCTION DATE FOR SALE OF DEBTOR’S NORTH DAKOTA ASSETS [Docket No. 174]).

1. Prior to the Auction, the Debtor, with the consent of the First Lien Agent,¹ received bids for the North Dakota Assets and determined that seven potential bidders were Qualified Bidders eligible to participate in the Auction: (a) Black Ridge Holding Company (“Black Ridge”); (b) Castle Peak Energy (“Castle Peak”); (c) GREP William LLC; (“GREP”) (d) Northern Oil and Gas Inc. (“Northern”); (e) Pivotal Petroleum (“Pivotal”); (f) QEP Energy (“QEP”); and (g) Slawson Exploration (“Slawson”).

2. Prior to the Auction, the Debtor notified the Qualified Bidders that each of them was eligible to participate in the Auction of the North Dakota Assets and that Pivotal had made the highest qualifying bid by the bid deadline. QEP elected not to participate and did not appear at the Auction. The six other Qualified Bidders attended the Auction.

3. The Auction was conducted on December 6, 2016 by the Debtor’s counsel, George Hofmann, in the offices of Cohne Kinghorn, P.C. in Salt Lake City. The proceedings of the Auction were transcribed by a court reporter.

4. The opening bid for the North Dakota Assets was the qualified bid of Pivotal, in the amount of \$6,244,970, and the bidding proceeded among Castle Peak, Pivotal and GREP² until Castle Peak made its final bid of \$7,050,000 and Pivotal made its final bid of \$7,250,000. No higher bids were made, and the Debtor, with the consent of the First Lien Agent, declared the **\$7,250,000** bid of Pivotal as the winning bid, subject to a few modifications to Pivotal’s Purchase and Sale Agreement as stated on

¹ Capitalized terms used but not otherwise defined herein are defined in the “Bid Procedures” that are referred to in the Bid Procedures Order.

² No bids were made at the Auction by Black Ridge, Northern or Slawson.

the record at the Auction, and declared the **\$7,050,000** bid of Castle Peak as the binding backup bid pursuant to the Bid Procedures.

5. The Debtor, in consultation with the First Lien Agent, is working diligently with Pivotal in preparing an agreed form of the Purchase and Sale Agreement for the sale of the North Dakota Assets, and the Debtor will soon file its motion for approval of the sale at the price obtained at the Auction.

Dated this 8th day of December, 2016.

COHNE KINGHORN, P.C.

/s/ Steven C. Strong
GEORGE HOFMANN
STEVEN C. STRONG
Attorneys for the Debtor

CERTIFICATE OF SERVICE

I hereby certify that on this 8th day of December, 2016, I electronically filed the foregoing REPORT OF AUCTION RESULTS CONCERNING NORTH DAKOTA ASSETS with the United States Bankruptcy Court for the District of Utah by using the CM/ECF system. I further certify that the parties of record in this case, as identified below, are registered CM/ECF users and will be served through the CM/ECF system.

- Michael A. Axel michael_axel@keybank.com
- David M. Bennett david.bennett@tklaw.com, gracie.gonzales@tklaw.com; Shannon.savage@tklaw.com;tj.crittendon@tklaw.com
- Laurie A. Cayton tr laurie.cayton@usdoj.gov, James.Gee@usdoj.gov; Lindsey.Huston@usdoj.gov; Suzanne.Verhaal@usdoj.gov
- Timothy A. Davidson taddavidson@andrewskurth.com
- Mark R. Gaylord gaylord@ballardspahr.com, boyntonm@ballardspahr.com;saltlakedocketclerk@ballardspahr.com
- Tyler M. Hawkins hawkest@ballardspahr.com, saltlakedocketclerk@ballardspahr.com;lawsont@ballardspahr.com
- George B. Hofmann ghofmann@cohnekinghorn.com, dhaney@cohnekinghorn.com;jthorsen@cohnekinghorn.com
- Patrick E Johnson pjohnson@cohnekinghorn.com, jdannenmueller@cohnekinghorn.com
- Peter J. Kuhn tr Peter.J.Kuhn@usdoj.gov, James.Gee@usdoj.gov; Lindsey.Huston@usdoj.gov; Suzanne.Verhaal@usdoj.gov
- Demetra L. Liggins demetra.liggins@tklaw.com, becky.diep@tklaw.com;Shannon.savage@tklaw.com;tj.crittendon@tklaw.com
- Ralph R. Mabey rmabey@kmclaw.com
- Adelaide Maudsley amaudsley@kmclaw.com, tslaughter@kmclaw.com
- Steven J. McCardell smccardell@djplaw.com, khughes@djplaw.com
- Michael S. Myers myersms@ballardspahr.com, hartt@ballardspahr.com
- Dianne Orcutt dianneo@utahcounty.gov, pauljo@utahcounty.gov
- Douglas J. Payne dpayne@fabianvancott.com, mdewitt@fabianvancott.com
- David L. Pinkston bankruptcy_dlp@scmlaw.com
- Anthony F. Pirraglia anthony.pirraglia@tklaw.com
- Adam H Reiser areiser@cohnekinghorn.com
- Knute A. Rife KARife@RifeLegal.com
- Brian M. Rothschild brothschild@parsonsbehle.com, ecf@parsonsbehle.com
- Steven Soule ssoule@hallestill.com
- Steven C. Strong sstrong@cohnekinghorn.com, jhasty@cohnekinghorn.com
- United States Trustee USTPRegion19.SK.ECF@usdoj.gov
- Bruce H. White bwhite@parsonsbehle.com, chuston@parsonsbehle.com
- P. Matthew x2Cox bankruptcy_pmc@scmlaw.com

/s/ Jennifer Hasty